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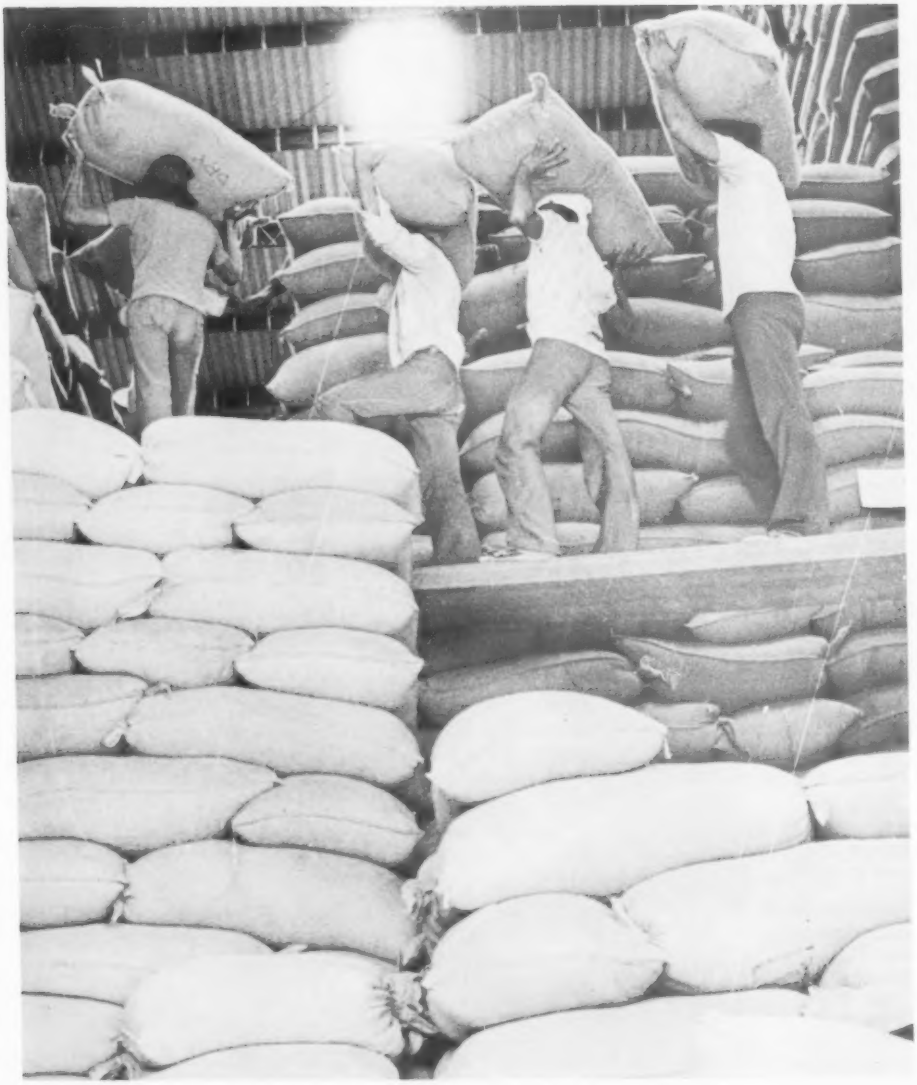

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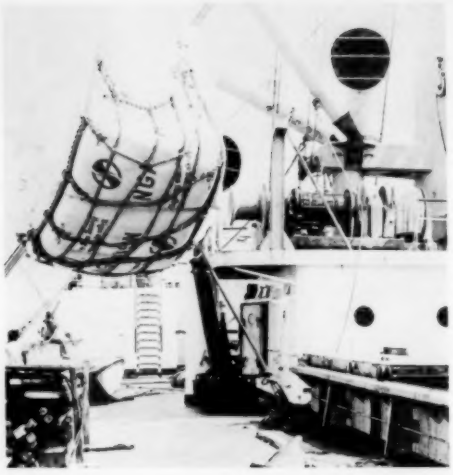
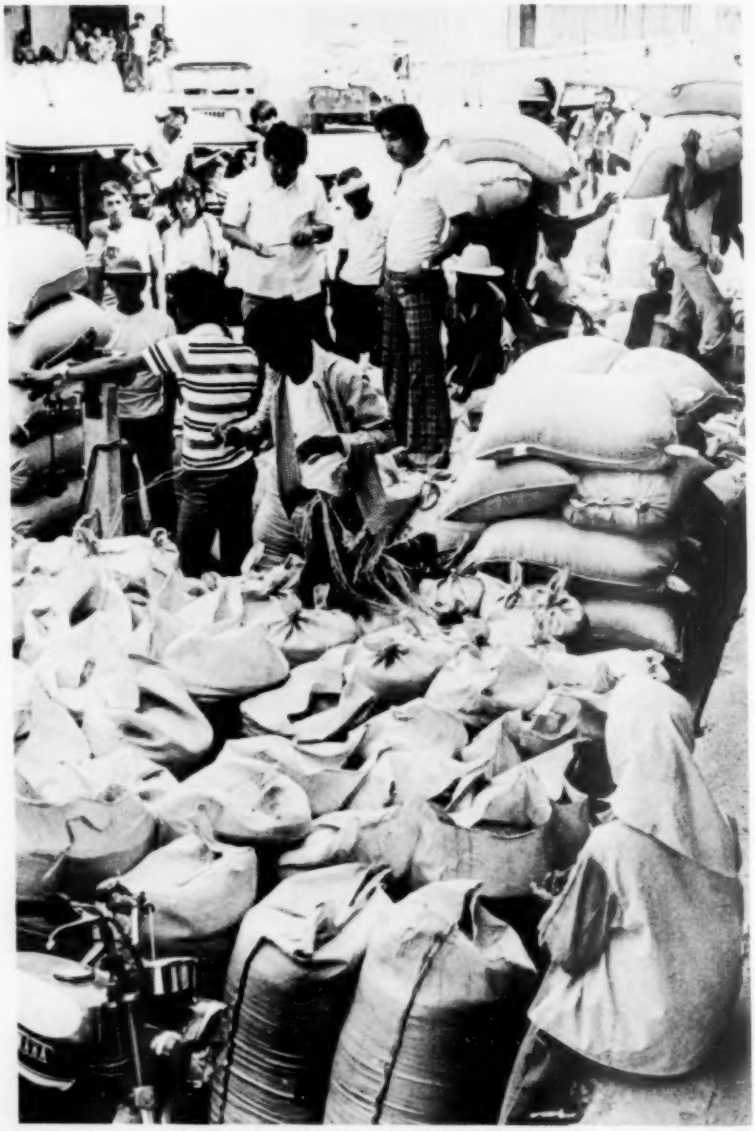
Warehouse workers stacking bags of rice in the Philippines.





Above: Rice growing in the Philippines. Above, right: Bagged Philippine rice is swung aboard a cargo ship for export to Indonesia. Right: A heavy volume of rice buying following the peak of the first-crop harvest in Central Luzon, the largest palay-producing area in the Philippines. After weighing and inspection (left), bagged rice is moved to warehouse.

Philippines: From Rice Importer to Exporter

By Stuart E. Proctor, Jr.

The Philippines has completed harvesting a record first rice crop of the 1977/78 year. If the January-June harvest increases at the same rate as in 1976/77, the Government expects an exportable rice surplus of about 100,000 tons in addition to the more than 40,000 tons alreeady exported.

Philippine rice production has increased significantly in recent years and resulted not only in national self-sufficiency but also in milled rice exports for the first time in 10 years.

As of March, the Government-controlled grain agency had exported 29,000 tons to Indonesia and 10,000 tons to Malaysia—two partners in the Association of South East Asian Nations (ASEAN).

Rice output in the Philippines totaled about 3.3 million tons (milled basis) during 1971/72 and by 1977/78 had reached an estimated 4.2 million tons.

Imports during this period declined from about 600,000 tons to zero, while exports—zero in 1971/72—by March 1978 had risen to more than 40,000 tons, with the possibility of additional export during the remaining months of the 1977/78 year.

The Philippines has completed harvesting a record first crop of the 1977/78 year. If the January-June harvest increases at the same rate (5.2 percent) as in 1976/77, the Government has estimated that it will have an exportable surplus of about 100,000 tons in addition to the more than 40,000 tons already exported.

This quantity is in addition to the 1-million-ton buffer stock (a 100-day supply) the Government wants to maintain to cover domestic requirements during the low (July-September) production period.

However, the Government apparently has decided on a policy of producing only enough rice for national self-sufficiency and will export only when supplies are adequate. Uncertainty over prices and the profitability of exporting rice, plus storage problems created by large stocks, are the main reasons for not encouraging production of rice for export.

To hold rice output at or near the level of domestic requirements, the Government plans to encourage producers to divert upland rice areas to feedgrains (mainly corn) and other suitable crops. In the short term, however, the Philippines will have sufficient supplies for export, primarily to ASEAN counterparts.

The exportable surplus of rice available during the current crop year is regarded not only as an achievement for the Government's agricultural policies but also as a gesture of cooperation (selling rice to member countries facing scarcities) with the Association of South East Asian Nations.

The first export contract of 1977/78 (19,000 tons to Indonesia) specified 30 percent brokens, 14 percent moisture, at a price of about $285 per ton, f.o.b.—a level equal to the Government-controlled domestic retail price for milled rice. The domestic support price for clean and dry palay (14 percent moisture, 95 percent clean) is about $255 per ton.

The second contract with Indonesia—for 10,000 tons—contained the same specifications but the price was lowered to $272 per ton—equivalent to the wholesale price for milled rice.

In February, President Marcos approved an additional 10,000-ton sale to Malaysia for $305 per ton.

Several factors have contributed to the turnaround in the Philippine position from that of a heavy rice importer in the early 1970's to that of a rice exporter in 1977:

- New rice varieties developed by the International Rice Research Institute (IRRI) and the University of the Philippines at Los Baños.
- Favorable weather.
- The Government's Masagana 99 Program.
- Expansion of area under irrigation and improvement in existing irrigation systems.
- The Government's General Order 47.

New Varieties. The Philippines has played an important role in the introduction of high-yield varieties (HYV's) of rice in Southeast Asia. Because the IRRI is situated in the Philippines, the introduction of HYV's and adoption of appropriate technology have been facilitated in this country.

In 1969/70, about half of the Philippine lowland rice area was planted to HYV's. At that time the national average yield for all farms was 1.7 tons per hectare. Yields averaged 20 percent higher for HYV's than for other varieties in the irrigated area and about 10 percent higher in nonirrigated lowlands.

However, one-third of all HYV growers used no commercial fertilizer, and one-third used no chemicals for weed, pest, or disease control.

Those using fertilizer applied an average of 32 kilograms per hectare of nitrogen plus phosphorus—about one-third the recommended rate.

High-yield varieties are now planted on 81 percent of irrigated area and 64 percent of lowland rainfed area. Yields are now 2.3 tons and

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1.5 tons, respectively. The largest increase—95 percent—in area planted to HYV's since 1970 is in the rainfed lowland, compared with a 31 percent expansion of irrigated area.

Over 80 percent of the HYV's are IRRI varieties, primarily IR-36. The yield of HYV's on irrigated area has risen over the past 3 years and is now 2.3 tons per hectare. In the rainfed lowlands, HYV's have shown a consistent advantage over other varieties.

Although area sown to HYV's is still increasing, most of the major expansion achieved by switching from other crops has already been obtained.

Total area planted to HYV's is forecast to grow by only 16 percent during the next 5 years—from 2.5 million hectares to 2.9 million.

By the end of this period, HYV's are expected to cover about 81 percent of total area planted to palay. After that time, any additional gains in production will have to come primarily from new varieties and improved management.

"... the Government apparently has decided on a policy of producing only enough rice for national self-sufficiency and will export only when supplies are adequate."

Weather. Because of climatic factors, rice production in the Philippines has been subject to fairly wide variations in output. Historically, the country experiences poor producing weather in 2 of every 5 years.

However, weather conditions have been good to excellent since the flood and drought of 1972/73—a major factor in the country's attainment of self-sufficiency in rice production.

Additional irrigated land, improved existing systems and drainage, and the development of a series of varieties more adaptable to specific environment situations should help minimize future losses caused by poor weather conditions.

Masagna 99. In May 1973 the Philippine Department of Agriculture implemented a nationwide effort to increase rice production, including the Masagna 99 (M-99) program—a recommended package of technology consisting of HYV's, fertilizer, pesticides, and herbicides and credit extended to selected farmer-cooperators through the supervised credit scheme (production loans) from participating rural banks, Philippine National Bank branches and agencies, and Agricultural Credit Administration Farmer Cooperatives.

The National Food and Agricultural Council implements the program on a national scale. Provisional action committees and municipal action teams carry out the program in their areas.

In the first phase of the program, 642,000 farmers received crop loans totaling $80 million, and an additional 309,000 nonborrowers received technical supervision. The program reached more than a third of the country's rice farms. About 3,200 farm technicians delivered packaged technology developed and tested by IRRI.

On October 31, 1977, Phase IX ended with 1.1 million hectares planted or 98 percent of the target area and 44 percent of total area planted to rice. About 755,000 farmers participated in this phase, but only 17 percent availed themselves of credit.

According to the Philippine Department of Agriculture, the focal point of the M-99 program has been to increase production in the second crop on irrigated lowlands. Since 1970 yields have increased 30 percent from 2.0 tons to 2.6 tons per hectare.

Despite its contribution to rice self-sufficiency, the M-99 program is affected by decreasing credit coverage and a shortage of qualified production technicians.

The shrinking credit coverage is caused by farmers defaulting on repayments, which forced rural banks to tighten up on loans. In January 1977, President Marcos ordered several measures to increase the repayment rate, which has averaged about 80 percent since 1973.

Irrigation. Since the National Irrigation Administration (NIA) was created in 1964, total irrigated area has increased about 236 percent to more than 1 million hectares.

However, between 1972 and 1977, rice area under cultivation expanded only 19 percent, and the present deficiency of irrigated rice lands is estimated at 770,000 hectares.

The largest single irrigation infrastructure is the Pantabangan Dam project, in Central Luzon, which supplies water to about 84,000 hectares in the wet season and to about 79,000 hectares in the dry season.

The promotion of HYV's with shorter growing seasons and higher yields plus expansion of irrigation has boosted productivity and expanded multiple cropping.

GO-47 Program. President Marcos, in a move to involve all sectors of the country in the drive for food self-sufficiency, in May 1974 issued General Order 47, which requires all financially viable domestic corporations and partnerships with 500 or more employees to supply the rice and/or corn requirements of their employees from either foreign or domestic sources.

This move has given rise to a corporate farming program, which attempts to increase cereal production through a transfer of modern technology and sound management practices from corporations to farmers.

About 275 corporations

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U.S. Attachés Review Market Possibilities In Western Hemisphere

Both north and south of the U.S. border, in Canada and Latin America, are some growing U.S. markets and high-powered agricultural competitors. A recent U.S. Agricultural Attaché Conference looked at the potentials and problems in this area. A report follows.

Few areas of the world today offer such potential and challenge for U.S. agricultural exporters as the Western Hemisphere.

Within this region are two of the top 10 U.S. farm markets, Canada (fourth largest) and Mexico (ninth largest); some exciting emerging markets, including petroleum-rich Venezuela; and imposing U.S. competitors such as Brazil and Argentina. Here too are combinations of rapid income and population growth rates that will keep demand for food and feed on the rise for years to come.

To assess U.S. trade possibilities in the region, U.S. agricultural attachés to 15 Western Hemisphere posts met with top officials from the Foreign Agricultural Service and other export-oriented agencies of the U.S. Department of Agriculture in San Jose, Costa Rica, March 6-9. Their focus was on the role of agricultural policies in fostering or inhibiting U.S. trade in the region and on how the expanded U.S. market development program could be used to increase U.S. farm exports.

Agriculture plays a leading role in the economies of many Western Hemisphere nations and is the major export earner for a host of nations, including Brazil, Argentina, Colombia, Uruguay, and all of the Central American and Caribbean countries.

U.S. Ambassador to Costa Rica, Marvin Weissman said, that Latin America agriculture has taken on a much more sophisticated role than in the past and that the region's interdependence probably is better manifested in agriculture than anywhere else.

Indeed two-way trade is vitally important to the agriculture sectors of the United States and its Western Hemisphere neighbors. The Western Hemisphere markets together took $4.4 billion worth of U.S. farm products in calendar 1977, with two—Canada and Mexico—accounting for half of the total. These nations also shipped $6.3 billion worth of farm products to the United States—primarily coffee, sugar, and other tropical products; beef and veal; and fruit and vegetables.

Moreover, billions of dollars worth of Western Hemisphere products moved to foreign markets in competition with U.S. commodities. These include grains, livestock and meat, and numerous other products from Canada; Brazilian soybeans and products, corn, tobacco, and cotton; Argentine wheat, feedgrains, oilseed products, tobacco, cotton, and fruit; Mexican and Central American cotton; Peruvian fishmeal; and Chilean fresh and canned fruit.

Obviously, such a diversity of functions calls for a variety of approaches toward markets and competitors. However, one tool above all was stressed at the conference—market development.

Said Thomas R. Hughes, Administrator of FAS, "Market development has got to be an important part of our work and in fact is receiving more attention now than ever before."

Congress has appropriated additional monies for market development and is considering several bills in this area. This interest, of course, has been heightened by the large U.S. trade deficit—and the importance of farm exports to the U.S. balance of payments—as well as by the low prices now plaguing many U.S. farmers.

Dr. Kelly Harrison, FAS Assistant Administrator for Market Development and USDA's General Sales Manager, cautioned that immediate value gains might not be achieved since world prices for many farm commodities are down. But he also alluded to a recent upward movement in the rate of U.S. farm exports, which earlier looked as if they would fall $1 billion or so short of the $24 billion record set in fiscal 1977.

Harrison noted that the Department already has projected a record export volume of 110 million agricultural tons. He also expressed the view that—with the additional stimulus of this year's $1.7-billion Commodity Corporation Credit program and rising commodity prices—exports might match last year's $24 billion.

"The next 10 or 15 years could be a very good export period," Harrison added. He also warned that food supplies could swing back to the shortage side and that "already demand for food and fiber may be precariously balanced."

The International Food Policy Research Institute, he said, expects most countries of the world to be deficit in grains and basic foods by 1985.

Harrison then outlined new market development strategies that will be used to bolster U.S. farm sales in Latin America and other areas.

New Strategies

- Strategic planning for individual markets and team visits to assess on the spot a market's possibilities and trouble spots. The first of these visits will be to six East European countries over the next few months;
- Cooperation with the Agency for International Development (AID) in projects launched under the new Title III program of P.L. 480. Such projects will use foreign currencies gained from Title I sales of U.S. farm products to improve infrastructure in developing countries. This year, the law requires that 5 percent of the Title I budget—$40 million—be programed for Title III activities and that 10 percent be allocated next year.

Jimmy D. Minyard, FAS Deputy Assistant Administrator for Market Development, added that emphasis also is being placed on getting U.S. farmer cooperatives further involved in exporting. Some of the best opportunities for them appear to be in Latin America.

By Beverly Horsley, Associate Editor, *Foreign Agriculture*.

Quentin M. West, Special Assistant to the Secretary of Agriculture for International Scientific and Technical Corporation, said that while many people seem to have forgotten the food shortage scare of a few years ago, contingency measures are being taken to meet future problems. Agriculture Secretary Bob Bergland's decision to attend the World Food Council meeting in the Philippines last June and also the upcoming one in Mexico City this June, underlines the Department's concern and interest.

One need pointed out by West is a transition program in rapidly developing countries that have recently become ineligible for U.S. aid but still want and need technical assistance. As it now stands, U.S. aid "graduates" must pay 100 percent of the cost of any U.S. Government assistance.

Many of the Western Hemisphere nations discussed at the conference either are in the midst, or on the verge, of economic takeoff, with varying implications for U.S. trade. With annual population growth rates generally above 2 percent contributing to pressures on food supplies, such nations are finding demand for farm products outstripping production. Some nations also have run into difficulties with major agriculture-related industries.

Special Country Situations Reviewed

Peru, for instance, continues to have problems with its fishing industry. Depletion of coastal fisheries by overfishing—plus movement away from the coastline of the Humboldt Current, which favors anchovy development—has forced repeated bans on fishing. The latest of these began in February 1978 and is expected to extend until the latter half of 1978. Thus, the fish catch may decline again after dropping 50 percent in 1977, and fishmeal production this year may not surpass the reduced 1977 output of 493,000 tons.

As a result, Peru's fishmeal exports have dropped, and the country has encountered severe balance-of-payments difficulties. It also is considering importing more soybeans and products to allow diversion of high-priced fishmeal from domestic to foreign users.

Brazil, major U.S. competitor in the world soybean market, has run into soybean production problems this year owing to widespread drought. According to Leon G. Mears, U.S. Agricultural Attaché there, the resulting 1978 soybean crop may be only around 9.7-10.2 million tons, compared with 12 million estimated for last year.

At the same time, domestic demand for soybean meal is increasing by about 8-10 percent a year as a result of growth in poultry and swine industries. So, while the country still has tremendous potential to expand soybean area, there could be some moderation of the heretofore strong upward trend in exports. Rising incomes—including those in the depressed northeast, where annual per capita income still is only about $300—could contribute to an explosion of domestic demand in years ahead.

Mears also said that Brazil is far ahead of the United States in the energy conservation area, reflecting in part the fact that 85 percent of its petroleum now must be imported. Currently, the country has a program under way to replace 20 percent of its combustible gas with alcohol made from sugarcane and cassava. It is aiming at reducing petroleum imports by 10 percent substitution eventually.

Venezuela and Ecuador have large petroleum incomes. Some of their added money has gone to encourage farm production and to pay for increased farm imports. However, competition in these markets also is keen. Lloyd I. Holmes, U.S. Agricultural Attaché, Quito, reported increased competition in Ecuador from non-U.S. suppliers of wheat, feedgrains, and livestock. Last year, Ecuador imported $71 million worth of U.S. farm products.

Many of the other nations of the Western Hemisphere also are closely linked to the U.S. farm market, and discussions at the conference reflected mutual concern about their competition with and access to the United States.

Last year, some 20 Latin American nations shipped nearly $550 million worth of sugar to the United States. These countries are affected by the new U.S. sugar program.

Canada, Mexico, all of Central America, Argentina, Uruguay, and other Latin American nations ship beef to the United States. Thus, they are strongly concerned with U.S. meat import policies, including the voluntary restraint program under the U.S. Meat Import Law.

Mexico markets up to two-thirds of its tomatoes, bell peppers, and other vegetables in the United States and counts tomatoes alone as its second largest agricultural export next to coffee.

Canada likewise is an important supplier of fruits and vegetables to the United States. Chile sends sizable quantities of fresh and canned fruit here. And Ecuador, Costa Rica, and other Latin American banana producers market much of their banana output in the United States market.

Coffee is a foreign exchange earner for 24 Latin American nations, including Brazil, Mexico, Colombia, and all of Central America. These nations recently have enjoyed unprecedented returns from their coffee exports—last year shipping some $2.65 billion worth to the United States alone—but now are faced with declining prices. Hence, efforts by some to hold coffee off the market in the hope of maintaining or improving price levels.

Participation in MTN's Discussed

Needless to say, products of Latin American and other developing countries have been major subjects of requests for concessions under the multilateral trade negotiations underway in Geneva.

John Hudson, Director of the FAS Trade Policy Division, outlined some of the areas being stressed by Western Hemisphere nations in the MTN's—especially meat, cotton, tobacco, and fruits and vegetables.

Many Latin American countries, however, have neither formally submitted their requests and offers, nor responded to U.S. requests and offers.

Other topics discussed included:

- Farm legislation pending on Capitol Hill.
- The Large Area Crop Inventory Experiment (LACIE) program and its potential impact on crop estimates;
- The Federal Grain Inspection Service's role in monitoring the quality of export grain;
- Programs by the Animal and Plant Health Inspection Service (APHIS) to fight plant and animal diseases; and
- Inspection of Central American beef packinghouses that export to the United States. □

Australia's Drought Takes Toll of Earnings From Crops and Trade

By Miles Lambert

The drought that has plagued Australia since September 1977 has appreciably reduced farm production and, even more importantly, has narrowed the country's trade surplus prospects for 1977/78 [1] and 1978/79—crucial for a nation that gains 45 percent of its trade earnings from agricultural production.

Vast sections of the country have been affected by the persistent drought, and the overall situation remains extremely critical. However, some March precipitation was helpful along the east coast and in Western Australia, and rains in January benefited some areas in the southeast.

The major wheat and sheep States have been extensively affected. In New South Wales, 44 of 59 Pastures Protection Districts have been declared drought-stricken while in Western Australia the figure stood at 26 out of a total of 116 shires, similar to counties in the United States. In Victoria, the chief dairy State, 24 of 159 shires have been proclaimed drought areas.

Faring worst of all is South Australia, a major barley region, where only 40 percent of all crops are expected to be harvested. Queensland—a major producer of beef, summer feedgrains, and oilseeds—is in comparatively good condition as recent rains there have helped significantly. Still, 54 of its 131 shires are considered drought areas.

Current Australian forecasts indicate that the value of farm production in 1977/78 (July-June) will be down by only about 3 percent from the 1976/77 level to about US$7.4 billion. But, this forecast is some US$1.1 billion below predrought predictions. The value of crop output is expected to erode about 9 percent to US$3.3 billion, mostly as a result of grain losses. Value of livestock production is forecast to rise 2 percent—with the gain chiefly in beef output.

Besides the farmers' deteriorating position, prospects of the country's overall balance of trade surplus for this fiscal year—and next year—have dimmed considerably because of the drought. During July-November, the first 5 months of 1977/78, Australia's total trade surplus had plummeted 52 percent to US$506 million, compared with the corresponding 1976/77 period. Using the same time frames, data from the Australian Bureau of Statistics showed the agricultural balance of trade surplus falling by US$478 million to US $2.02 billion, as farm exports dropped 13 percent and imports rose 29 percent.

Also adding significantly to the drought's impact was the failure of unit prices of some exports to rise to the high levels of recent years.

Already the drought has ruined prospects for improvements in wheat and barley export earnings beginning in April or May 1978 and has damaged the outlook for summer crops. A few crops, such as cotton and tobacco, can benefit from dryness as long as irrigation water is available during critical growing stages. Dwindling water supplies, however, will also affect irrigated tracts of moisture-demanding summer crops of grains and oilseeds. In addition, the liquidation phase of the livestock cycle was very strong during the last months of 1977, but will likely slow down in 1978.

Wheat. Australia's wheat crop in 1977/78 dropped about 20 percent to an estimated 9.35 million metric tons from 11.7 million in 1976/77 as area rose about 14 percent to 10.2 million hectares. Total wheat availability will be strained, and the situation during most of 1978/79 (July-June) may be more precarious because carryover stocks will be low.

Trade effects also may be felt mainly in 1978/79. Continued exports of the 1976/77 crop will actually make wheat exports in 1977/78 the highest since 1970/71—at least 9.5 million tons, including the grain equivalent of wheat flour. During July-January 1977/78, exports of unmilled wheat had accelerated to 6.8 million tons, 39 percent ahead of the same period a year earlier. The increase was largely the result of the 2.5-million-ton increase in shipments to the People's Republic of China (PRC). Wheat export earnings in 1977/78 may fall, however, if unit prices continue below the previous year's as they have done in the first half of 1977/78.

Export volume may drop below 9 million tons in 1978/79 unless the 1978 crop is exceptionally good. At present, Australia has little unobligated wheat available for export.

Feedgrains. Results in barley, the major feedgrain, have been meager, with a crop of about 2.6 million tons, 8 percent below that of 1976/77, despite a 27 percent area increase to about 2.9 million hectares. The sorghum situation may even be worse, with production estimated at about 580,000 tons, 38 percent below the previous season's.

The outlook for all coarse grains (including barley, oats, sorghum, and corn) in 1977/78 year points to a crop of about 4.3 million tons, compared with 5 million in 1976/77.

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[1] **Split years in all instances refer to the July-June year.**

The already tight feedgrain supplies in Australia will continue into 1978/79. Feedgrain exports in 1977/78 were way down from year-earlier levels for the first 6 months—barley by 24 percent to 496,000 tons and sorghum by 50 percent to 327,000 tons. Unit prices also have fallen. Exports will continue to decline in 1978/79 if the drought does not ease significantly in South Australia during the planting of barley in April-June.

Oilseeds. While some farmers in New South Wales and Queensland may have been encouraged by the recent rains to plant sunflowerseed crops at the last minute, latest reports indicate that Australian sunflowerseed area will not rise more than 10-15 percent above last year's.

Oilseed Area Expanding

However, it appears that area for all major oilseeds—sunflowerseed, soybeans, safflower and rapeseed—will rise perhaps as much as 40 percent above the low level of 1976/77. That year, about 175,000 hectares were planted, including 129,000 hectares of sunflowerseed; 30,000 of soybeans; 8,000 of safflower; and 7,000 of rapeseed.

Oilseed production prospects are not as bright as they had been before the drought's onset when a doubling of output was foreseen. Production of Australia's five major oilseeds totaled 130,000 tons in 1976/77, and output may rise 40-60 percent in 1977/78 as a result of anticipated increases in rapeseed, safflower, and soybeans, and if cottonseed is included. Yet, sunflowerseed production may increase no more than 25 percent to 80,000 tons—and perhaps hardly at all if large last-minute sowings did not materialize or if the recent rains were too late to benefit earlier planted crops. A third consecutive year of low sunflowerseed output will keep pressure on vegetable oil supplies, regardless of developments in other oilseeds.

Soybean area, prominent in Queensland, may have been increased 15,000 to 20,000 hectares nationwide and production could rise to 90,000 tons from 50,000 last year. As a result of this boost and the increased availability of domestic meat meal, protein meal should be in relatively sufficient supply in 1978/79.

However, increased domestic oilseed production will not reduce Australian outlays for imported oilseeds and products until at least 1978/79—and, depending on sunflowerseed output, perhaps not even then. On the other hand, edible vegetable oil imports may decrease in 1978/79 if a current proposal to increase the import duty from US$78 to US$101 per metric ton is adopted.

Australian import data for July-December 1977 show Australia's vegetable oil imports valued at about US$34 million, 45 percent above those in the same 1976/77 period, and oilseed imports were up 42 percent to US $8.8 million. Imports of animal feedstuffs, including oilseed meals, fell about 15 percent to US$5.8 million, reflecting greater domestic production, larger stocks of protein meals, and the uncertain situation facing feeders of intensively fed animals.

According to U.S. statistics, U.S. sales to Australia of oilseeds (mostly soy beans), edible vegetable oils (mostly crude soybean oil), and soybean meal more than doubled in the first half of 1977/78, compared with year-earlier levels. These products accounted for most of the 38 percent increase to US$60.1 million in total U.S. agricultural exports to Australia during July-December 1977.

During this period, U.S. sales of edible vegetable oils almost doubled to US$9.6 million while sales of U.S. soybeans rose 45 percent to US$7.4 million. Even more surprising, soybean meal sales more than quadrupled to US$5.2 million, despite the decrease in Australian imports of animal feedstuffs.

Cotton. Cotton area expanded in 1977/78—and with most cotton fields irrigated—the crop may reach 40,000 tons of lint cotton, about 37 percent greater than that of 1976/77. With continuing slack domestic demand and mounting stocks, cotton exports are likely to increase somewhat, although lower unit prices are expected.

Tobacco. Tobacco production is forecast to decline about 5 percent to 14,400 tons as a result of decreases in area and yield. Imports of tobacco and tobacco manufactures during the first 6 months of 1977/78 totaled nearly US$36 million, more than 45 percent above those in the same 1976/77 period. U.S. statistics show that U.S. exports of tobacco and products to Australia jumped 24 percent to 18.0 million and accounted for a major part of all U.S. farm exports to Australia during July-December 1977.

Record Sugar Crop Seen

Sugar. The 1977/78 sugar crop is estimated at a record 3.4 million tons (raw sugar), 100,000 tons above the previous high in 1976/77. If recent rains in Queensland do not continue, the already planted 1978/79 crop would be threatened. Exports for the first 5 months of 1977/78 were down 5 percent to 1.49 million tons, but full-year exports are expected to equal the 2.6 million tons of 1976/77. Unit values, however, are down this year. While export availability in 1978/79 would be lowered by continued drought, it would be in line with Australian obligations under the new International Sugar Agreement to bring annual exports down to about 2.35 million tons.

Fruit and vegetables. Australian production of vegetables (other than potatoes) may rise 5-6 percent from 1976/77 levels to about 900,000 tons. Potato production is expected to fall 4 percent from that of 1976/77 to about 750,000 tons.

Production from most temperate-zone tree fruits is lower than last year's, including a 16 percent decline in the apple crop to 260,000 tons. Citrus production may rise 7 percent to 400,000 tons.

Exports of fruits and vegetables expanded 3 percent during July-November 1977, compared with the same period a year before. The sales total, including canned, dried, frozen, and other preserved products, was about US$60 million.

Increased sales abroad will maintain Australia's trade surplus in this category although at a slightly lower level. Six-month statistics show a rise of 22 percent in imports over the year-earlier period to about US $48 million. U.S. statistics reveal that U.S. exports of fruits and vegetables have not benefited from this widened market. U.S. export earnings there were down 10 percent to US$7.6 million and volume down my 20 percent to about 5,900 tons. As well, U.S. sales will be hurt by recent decisions to increase duties on imported potato products and citrus juices.

Meat. Cattle and sheep numbers are slipping, but this is only partly the result

of drought. The Australian Meat and Livestock Corporation (formerly the Australian Meat Board) now estimates that cattle numbers, as of March 31, 1978, have fallen 6 percent from last year's to 30 million head, and sheep numbers are estimated at about 128 million or less, also a decline of 6 percent.

Herd Buildup Seen

Farmers are expected to begin expanding their breeding herds this year, but total cattle numbers are not expected to start increasing until late 1979 or 1980. Cow/heifer and calf slaughter rates were unusually high in late 1977, but were slowing in early 1978.

Australia's 1977/78 (July-June) red meat production will rise above previous estimates and surpass the 1976/77 record of 2.7 million tons. Production of beef and veal is likely to be more than 2 million tons, significantly above the 1976/77 output of 1.93 million tons. Without the drought, herd reduction through slaughter would have been somewhat less.

In December 1977, data from the Australian Bureau of Statistics showed that red-meat production for the first half of the fiscal year had risen 10.2 percent from the corresponding 1976/77 period, while beef and veal outturn had increased 14.7 percent. Mutton output, reflecting already low flock numbers, declined about 9 percent for the first 6 months, but production increases were registered for lamb (2.9 percent) and pork (6.5 percent).

Exports of boneless beef rose 28 percent to 324,000 tons in the first 5 months of 1977/78 with most of the increases in sales to the United States. According to U.S. statistics, U.S. purchases of boneless beef climbed 8 percent to US $194 million during the first 6 months of 1977/78. This represented about 65 percent of the US$300 million in all U.S. purchases of Australian farm products during this period.

However, the pace of Australian meat exports is still not great enough to avoid stock accumulation, and frozen-meat stocks at the end of December 1977 totaled 121,000 tons, 15.5 percent above the previous year's. The buildup is mostly in beef and veal stocks that rose 22,000 tons to about 92,000 tons. Predrought estimates had forecasted a lowering of stocks by November.

The major uncertainty in forecasting 1977/78 meat production is in the reaction of pork and poultry producers to developments elsewhere in the meat sector. It is believed, however, that poultry output will likely maintain more strength than that for pork.

A drop in hog feeders' demand for feedgrains is expected because high feed prices and greater production and stock accumulation of other red meats will lower pork profits even more than expected earlier.

Meat consumption in Australia is already very high—98 kilograms (216 pounds) per capita annually—and any drop in the retail price of beef benefits beef sales at the expense of pork and poultry. Increased beef and veal production this year is likely to reverse an earlier forecast that domestic consumption would decline in favor of exports. It appears now that domestic consumption, exports, and stocks of beef and veal will all rise in 1977/78.

Wool. Production for 1977/78 is currently estimated at 668,000 tons, about 5 percent below the previous year's and the lowest level in 20 years. The drought has brought a drop in weight of the average fleece but decreased wool production was inevitable with declining sheep numbers. Exports in the first 5 months of 1977/78 were 154,000 tons, running about 50 percent behind those of 1976/77.

Wool will be a major item in the decline of Australia's agricultural export earnings in 1977/78 (July-June). The Australian Wool Corporation (AWC) was forced to increase its purchases this season under the minimum reserve price scheme. Ending stocks are likely to approach the record 1.9 million bales logged on June 30, 1976.

Dairy. While production of fluid milk for human consumption is down by only 2 percent over the first 4 months of 1977/78, compared with the same 1976/77 period, milk production for all purposes is off about 9 percent. The combination of 2 years of declining cow numbers, 2 years of drought in some important dairy areas, reduced usage of superphosphates on pastures, and high prices for concentrated feeds has lowered milk production. Also during July-November 1977, butter production was down 30 percent and cheese output by 6 percent. These decreases, however, are in line with Australia's plans for contraction in the dairy industry, which has usually overproduced in relation to marketing possibilities.

Export Supplies Down

Large export supplies of Australian dairy products are simply not available this year. However, world market prices are relatively buoyant so export earnings fell only one-fifth, despite a 45-percent drop in the export volume of milk powder, butter, and cheese over the initial 5 months of 1977/78. □

"It appears now that domestic consumption, exports, and stocks of beef and veal will all rise in 1977/78."

U.K. FOOD IMPORT COSTS ROSE SHARPLY IN 1977

Although the United Kingdom's import bill for agricultural products during January-November 1977 ($11 billion, c.i.f.) was 22 percent greater than in the same period of 1976, the country's overall balance-of-payments situation improved significantly during the year.

Among the contributing factors to this improvement and the resulting strengthening of the pound were higher foreign earnings, higher returns from North Sea petroleum, smaller wage rises than in other recent years, plentiful world harvests and resulting lower prices for many commodities, and larger availabilities of some domestic farm products that in 1976 had been in short supply.

U.K. success during 1977 in restraining inflation is sparking official optimism that this year's inflation rate will be in the single-digit category.

There was, however, a continued lack of success in real economic growth during 1977. Industrial production and consumer expenditures remained sluggish, and unemployment hovered around the 6 percent mark.

The retail price index for the food sector is almost certain to turn up by mid-1978, initially because of rising meat prices and the phasing out of some subsidies.

A large part of the higher bill for food imports was in livestock, meat, grain, fruits and vegetables, coffee, tea, and cocoa.

The European Community (EC) was still Britain's most important source of supply, although it slipped a little. During January-November, the EC accounted for about 38 percent of the value of U.K. food imports, compared with 40.3 percent for all of 1976.

The U.S. share during January-November (direct shipments only) rose from 8 percent in 1976 to 9.5 percent, largely because of significant increases in imports of U.S. corn and soybeans.

Continuation of U.K. imports of butter from New Zealand and higher prices during 1977 for mutton and lamb kept New Zealand in third place with little change in this supplier's share of the total. Canada remained in fourth place with its large shipments of wheat to the United Kingdom; its share of the market fell from 4.1 percent in 1976 to 3.1 percent for the first 11 months of 1977.

Australia—once an important trading partner—slipped to ninth place among U.K. food suppliers, providing only 2.1 percent of U.K. agricultural imports. This slide results from the cutting off of Australian dairy products and the near cessation of imports of Australian sugar, together with EC controls over beef imports from third countries and the diminished role Australia plays in supplying wool to Britain.

The increased importance of India and Brazil last year resulted mainly from high coffee and tea prices and from a marked rise in imports of leaf tobacco as the U.K. tobacco industry replaced costlier U.S. leaf with cheaper supplies.

Wheat imports during January-November at 3.48 million tons were about the same as in the comparable period of 1976, but there was a 26 percent rise in imports from France to 1.54 million tons.

Corn imports rose 8.5 percent to 3.73 million tons, with direct shipments from the United States doubling to a record 2.61 million tons. Barley imports, because of the drought-affected 1976 crop, were up by 48 percent to 882,000 tons.

In the livestock and meat sector there was a modest recovery from 230,000 head to 304,000 head in imports of live cattle, nearly all of which came from the Irish Republic. Fresh, chilled, or frozen beef and veal imports at 258,000 tons were up 21 percent from the year-earlier total with imports from the Irish Republic comprising about half of that total. Imports of such beef and veal from non-EC sources accounted for less than 20 percent of the total in 1977.

Mutton and lamb imports from New Zealand were unchanged from the year-earlier levels, and there was virtually no change in the levels of offal imports either in total or from the United States, the major supplier.

Bacon and ham imports for January-November rose by 10,000 tons to 259,000 tons, encouraged by the EC's payment of monetary compensatory amounts (MCA's), which act as import subsidies on U.K. pork imports from EC countries with stronger currencies.

Butter imports slid further to 259,000 tons, 25 percent below the 1976 level. Imports from other EC countries accounted for 159,000 tons of the total, while imports from New Zealand amounted to about 100,000 tons—a recovery to the 1975 level. Cheese imports were 17 percent below the year-earlier level.

A major reason for the decline in dairy-product imports was the recovery in milk production with the end of the drought and the expanded availability of fluid milk for manufactured products.

Imports of many fruit and vegetable items in the first 11 months of 1977 were smaller in quantity than in the year-earlier period, but the effects of the 1976 drought in Western Europe generally meant that prices were much higher, which swelled the value.

Apple imports at 320,000 tons were 11 percent lower than in the comparable 1976 period, while imports of oranges were 4 percent lower at 352,000 tons. Israel further strengthened its share of the U.K. citrus market, while imports from other major sources declined.

Despite the effects of the drought on the 1976 sugarbeet crop, imports of raw sugar during January-November 1977 at 1.51 million tons were down 9 percent from those of the year-earlier period, largely because of a 60 percent cut in imports from Australia to only 49,000 tons.

High coffee prices in 1977 caused a sharp drop in imports from 106,000 tons to only 80,000 tons between the two January-November periods. However, tea imports

rose, despite higher prices, from 224,000 tons in calendar 1976 to 243,177 tons in calendar 1977.

Oilseed imports during January-November changed little from the 1976 level. A decline in imports of oilcake and meal reflected lower demand for animal feeds because of smaller herds and greater supplies of homegrown feed during the latter part of the year.

Soybean imports for January-November at 1.05 million tons were unchanged, although there was a sharp rise from 429,000 tons to 704,000 tons in the quantity of beans imported directly from the United States.

Total oilcake imports in January-November 1977 at 633,000 tons were 9 percent below the year-earlier total.

Imports of raw tobacco declined from 134 million tons in January-November 1976 to 129 million tons in the comparable period of 1977, but the notable feature was a sharp drop of 38 percent in imports from the United States because of price and higher demand for mild, low-tar tobacco.

Imports of flue-cured from India, Thailand, and South Korea were up sharply from year-earlier levels. Imports from India surpassed those from the United States by a significant margin for the first time.

Raw cotton imports during January-November 1977 were 20 percent below the level of the comparable 1976 period. However, imports from the United States recovered strongly from 4,000 tons to 14,000 tons between the two periods.

U.K. livestock exports boomed in 1977 in relation to 1976 levels. Live cattle and sheep exports—mostly to other EC countries—in January-November rose from 273,000 head to 452,000 head and from 294,000 to 312,000 head, respectively.

U.K. cattle prices for most of the year were well below prices across the Channel, while prices for sheep and sheepmeat, in the absence thus far of an EC Common Agricultural Policy for this category, were a bargain for European buyers while seeming expensive to British consumers.

Exports of fresh, chilled, or frozen beef and veal in January-November 1977 were down from year-earlier levels by 14 percent to 87,000 tons, although mutton and lamb exports were up by 36 percent to 45,000 tons.

Despite the drought-affected cereals crops from the 1976 harvest, there was a significant increase in barley exports during January-November 1977 from 182,000 tons to 316,000 tons, of which 311,000 tons went to other EC countries. Wheat exports rose moderately from 81,000 tons to 113,000 tons, all of which went to other EC countries.

The value of total U.K. agricultural output for 1977 was sharply higher in 1977 than in 1976, while the value of inputs—although also up sharply—rose less than between 1975 and 1976, when the cost-price squeeze was particularly severe.

Total agricultural output value for 1977 was 15.5 percent above 1976's, while the value of inputs went up by the same proportion. However, feeding costs in 1977 rose above 1976 levels only 12.5 percent, compared with 37 percent between 1975 and 1976.

On the other hand, there was no moderation in inflation of other costs, which rose by 16 percent—only marginally less than the rise between 1975 and 1976.

When other factors are taken into consideration, net farm income in 1977 was up from the 1976 level by 16.5 percent, which was above the inflation rate of 12.1 percent and higher than the rise in earnings.

Total agricultural area in 1977 continued to decline (from 18.99 million hectares in 1976 to 18.90 million in 1977). Area in grazing or planted to grass shrank by 103,000 hectares, but crop area increased from 4.75 million hectares to 4.79 million hectares, with grain area up by 29,000 hectares to 3.71 million hectares. Nearly all of the increase in grain area was in barley.

Grain yields during 1977 were very high, particularly when compared with the drought-reduced outturns of 1976.

The extremely high wheat yield more than compensated for the reduction in area to give a crop of 5.28 million tons—11.5 percent greater than 1976's.

Barley production reached 10.75 million tons—40 percent greater than the year-earlier crop. A 10 percent expansion in area was augmented by a 27 percent increase in yields. Altogether, grain production reached 16.96 million tons, 28 percent more than in 1976.

Potato production rebounded to 6.35 million tons from the year-earlier level (held down by drought) of 4.79 million tons. Potato area in 1977 was 8,000 hectares greater than 1976's, but most of the increased output resulted from a 32-percent rise in yields to an average 28.6 tons per hectare.

However, the guaranteed price in 1977 was not raised by nearly as much as growers had hoped, while demand did not recover in proportion to the production comeback. As a result, intermittent support buying has been in effect during 1977/78.

Sugarbeet area in 1977 declined by 4,000 hectares from 1976's 219,000 hectares and beet yields were up, with production provisionally put at 7.5 million tons, compared with 6 million tons in 1976. Despite the wet summer, however, sugar content was up and refined sugar production is estimated at 950,000 tons, compared with 695,000 tons in 1976/77.

Decidious fruit crops did not share in the significant recovery experienced by most other crops during 1977. Dessert-apple output was down by 29 percent to only 140,000 tons, and cooking-apple production fell by 4.5 percent to 126,000 tons.

Continuing high prices caused a further decline in consumer demand for beef, and total beef and veal production for 1977 was down from the year-earlier level by 77,000 tons to 997,000 tons, more than 200,000 tons below the 1975 total. □

Based on dispatch from William L. Rodman, U.S. Agricultural Attaché, London.

Danish Seed Production, Area To Rise in 1977-78

Danish seed output for the 1977/78 marketing year is estimated to be 15 percent higher than the reduced 1976/77 crop, although produced on an area only 10 percent larger.

Despite the expected larger crop, stocks in 1977/78 are expected to decline and prices may remain at relatively high levels. Seed output in 1978/79 is also projected higher.

The increase in seed production for the 1978/79 marketing year can be gaged from area seeded under contract on May 1, 1977, for harvest in 1978—44,052 hectares against 41,748 hectares contracted on May 1, 1976.

Contracted legume area is down 4 percent to 6,910 hectares, ryegrass up 30 percent to 20,275 hectares, bluegrass up 3 percent to 5,792 hectares, and fescue up 9 percent to 9,802 hectares.

Timothy is at the same level as a year earlier but orchard grass—at 2,088 hectares—is down 16 percent. However, because of bright price prospects, areas not under contract are expected to increase.

Total harvested area in 1978 is forecast at 45,000 hectares. This would be a 12 percent increase from the 1977 harvested area.

Ready markets were found for the small 1976/77 crop, and prices pushed upward. Although mostly sold to the European Community, some Danish seed—about 550 tons of orchard grass and bluegrass—was sold in the United States.

Danish seed supplies decreased by about 18 percent in 1976/77 to an estimated 58,023 metric tons, of which about 45,000 tons were available for export. Danish seed exports are forecast at a 35,000-ton level in 1977/78 and, with domestic consumption the same, further stock reductions are expected.

Danish exports of field seeds in 1976/77 (July-June) totaled 38,234 tons, compared with 39,737 tons the previous year. Exports of vegetable and garden seeds amounted to 2,612 tons (up 658 tons). Total export revenue was DKr298 million (DKr1 = about 18 U.S. cents), up 37 percent from the year-earlier level despite the 4 percent smaller quantity shipped.

About 82 percent of total exports were shipped to other EC members (mainly West Germany, the United Kingdom, and France,) while the Scandinavian countries took 7 percent, and the United States, 1 percent (550 tons against 559 tons in 1975/76).

Danish imports of field seeds amounted to 3,360 tons in 1976/77, compared with 3,228 tons the previous year. Imports of legume seeds declined 73 tons to 216 tons. The United States supplied 54 tons of red fescue, 56 tons of Kentucky bluegrass, and 125 tons of bent grass.

The United States was again able to increase marketings of vegetable seed to Denmark, raising its market share from 31 percent the previous year to 39 percent in 1976/77, but Danish imports of U.S. flower seeds declined from 16 tons to 9 tons.

Total Danish exports of flower seeds were 2,612 tons (up 34 percent), of which 44 tons were shipped to the United States. □

Based on report from Office of U.S. Agricultural Attaché, Copenhagen.

Beef Import Program Set for 1978

The U.S. Department of State has reported that meat supplying countries have now formalized agreements with the United States to keep U.S. imports of meat subject to the Meat Import Law below the 1978 trigger level of 1,302.3 million pounds. This level of imports will be equivalent to about 7 percent of U.S. domestic production this year. The 1977 trigger level was 1,281.9 million pounds.

Canada is taking part this year under a separate arrangement covering the two-way trade in beef between that country and the United States, similar to the arrangement during 1977.

Imports of beef processed in foreign trade zones, territories, or possessions during 1978 will be counted against individual country limitations.

By country, the agreed import levels, in millions of pounds, product weight, are: Australia, 663.5; New Zealand, 272.6; Canada, 76.2; Mexico, 63.1; Costa Rica, 56.5; Nicaragua, 51.5; Honduras, 37.8; Guatemala, 36.2; Dominican Republic, 15.2; El Salvador, 12.1; Panama, 5.1; Haiti, 2.0; and Belize, 0.5, for a total of 1,292.3. □

Malaysia's Can

Despite a slight drop in growing area in 1976, Malaysia's canned pineapple production and exports were higher than in the previous year, and were expected to climb again in 1977 and 1978, helping the Malaysian pineapple industry recover from its depressed state of recent years.

Relatively strong prices, coupled with an increasing demand for canned pineapple in overseas markets, should help sales. Total exports for 1978 are forecast to increase by 5 percent over the estimated 1977 level of 54,000 metric tons to 56,700 tons; 13 percent rises in production tentatively are seen each year for 1977 and 1978.

Faced with strong competition in world markets, Malaysian growers are trying to improve the industry's export position and develop new products. Also to improve profitability for pineapple growers, the Food Industry of Malaysia has started a plant to utilize pineapple waste and chicken litter to produce feed for cattle on a ranch in Johore.

Total area under pineapple cultivation was estimated at approximately 20,234 hectares at the end of 1976, some 365 hectares below the level of the previous year. During recent years, there has been a constant flow of smallholders from pineapple cultivation to other, more lucrative crops, or to higher paying jobs in urban areas.

Owing to the drop in planted area, production of fresh pineapple also slipped from 196,000 tons in 1975 to 191,000 tons in 1976. To reverse the decline, the Malaysian Government contin-

d Pineapple Exports Rising

ues to support the replanting scheme started in 1972. By the end of 1976, a total of about 3,200 hectares had been rejuvenated. In 1977, another 1,330 hectares of holdings were earmarked for replanting. The Government also has implemented a new pineapple credit scheme to help smallholders to lessen dependence on middlemen.

Production of canned pineapple in Malaysia registered 47,000 tons in 1976, an increase of 4 percent over the previous year's level, largely because of a better cannery yield from a new variety of pineapple called the Mas Merah. Cannery yield averaged 590 cans (1 lb. each) for every ton of fruit.

The forecast for 1977 canned pineapple production is 53,000 tons, 13 percent over the 1976 level. The increase was partly based on the coming into maturity of 1,050 hectares of pineapple smallholdings replanted in 1975, to be harvested for the first time in the second half of 1977.

Malaysia exported 51,400 tons of canned pineapple in 1976, an increase of 18 percent over the previous year's total. However, this is still 2 percent below the export average of the last 5 years. Strong overseas demand for canned fruits and a decline in pineapple production in major export countries (especially in the Philippines and Hawaii) have contributed to the impressive upturn in Malaysia's export volume.

The main destinations for Malaysian canned pineapple in 1976 remained the traditional markets of the United States, the United Kingdom, the German Democratic Republic, and Singapore. The bulk of exports to Singapore are for reexports, mainly to the United Kingdom, the United States, West Germany, and Canada.

The West Asian countries are rapidly expanding markets for Malaysian canned pineapple. In 1976, countries in the area jointly purchased 10 percent of Malaysia's total exports.

The canned pineapple export industry continues to be plagued by a myriad of tariff and nontariff barriers in export markets. Although canned pineapple is included under the Generalized System of Preferences, tariffs of the European Community (EC)—at 14 percent—are still relatively high, considering rising production costs and freight charges to the European Continent.

Under present trade arrangements with the EC, a quota of 45,000 tons of canned pineapple (other than slices, half slices, or spirals) is opened to developing countries on a "first come, first serve" basis. In 1976, EC countries absorbed about 40 percent of Malaysia's total exports. Approximately, 75 percent went to the United Kingdom, 20 percent to West Germany, and the balance to other EC member countries.

Besides the normal EC import tariff, canned pineapple exporters must contend with nontariff measures in the form of quotas and health regulations. □

Iraq Expanding Grain Storage Facilities

The Government of Iraq has a crash program under way to increase grain storage facilities from 400,000 tons to 1.3 million tons under the 1976-80 development plan.

By the end of 1977, grain storage capacity had increased to nearly 500,000 tons, as follows: Wheat silos, 192,000 tons; rice silos, 64,000 tons; and storage sheds, 230,000 tons.

Projects under construction will add 340,000 tons and 48,000 tons of wheat and rice storage capacity, respectively. Another 48 silo projects are in preparation for tendering or for awarding of contracts.

The Planning Ministry has estimated that Iraq needs a total grain storage capacity of 2 million tons, roughly equivalent to 1 year's consumption.

Winter wheat production has varied from 2.7 million tons in 1972 to 700,000 tons in 1977. □

Korean Workshops Take Modern Techniques to Rural Bakers

The spread of U.S. bread recipes and baking techniques throughout rural Korea may broaden the market for U.S. wheat in that country.

In the past 3 years, Wheat Associates, USA—an FAS cooperator—through its Seoul office and the Korean Confections Association has trained at least 2,680 bakers, representing 1,450 bakeries, in workshops utilizing baking methods being taught by the Korea Baking School in Seoul.

The workshop series was established in response to numerous requests for assistance from out-of-Seoul bakers who are unable to attend the regular baking school.

In fact, the program is largely designed for bakers in one- and two-person operations, who might have had to close their shops in order for the bakers to attend the regular Seoul baking school.

As part of the workshop program, 12-day bakery short-courses were held in two major rural communities during September 1977. A total of 57 bakers, representing 44 bakeries, attended. The courses were taught in classes lasting 8 hours per day, conducted generally in the same way as the regular 6-week baking courses taught at the Korea Baking School. Professional baking equipment was shipped to the scenes of the two courses to train the bakers in its use.

This series is the first of its kind in Korea to teach rural bakers up-to-date baking methods. It is now planned to conduct similar courses each year.

Wheat Associates, USA, is the foreign market development arm in Asia of the U.S. wheat industry. Overseas WA offices are maintained in Tokyo, Seoul, Taipei, Manila, New Delhi, and Singapore, with funds provided by U.S. wheat producers and the foreign market development program of the U.S. Department of Agriculture.

In fiscal 1977 (ending Sept. 30), the United States exported almost 2 million tons of wheat to Korea, 9 percent greater than the 1.8 million tons exported in fiscal 1976. □

Egypt's Meat Imports Hit $100 Million in '77

Egypt's demand for imported meat continues to grow faster than supply, despite dramatic gains in beef imports and rapid expansion of domestic poultry meat output.

Total Egyptian meat imports during 1977 were about 100,000 metric tons, valued at slightly more than $100 million, compared with 85,755 tons valued at $84 million in 1976.

Egypt's beef imports increased from 7,205 tons in 1975 to about 66,000 tons in 1976. Imports of beef from Uruguay jumped from 2,204 tons in 1975 to 28,340 tons in 1976.

In 1976, Egypt imported about 14,000 tons of Argentine beef, and arrivals during 1977 were nearly as large.

Imports of Dutch beef declined from 3,911 tons in 1975 to about 800 tons in 1976.

Egyptian hotels purchased 30 tons of choice U.S. beef in 1976, valued at $160,000. However, U.S. beef shipments to Egypt during 1977 were smaller than 1976's. Plans to buy U.S. beef through credit arrangements have been explored, but no agreement was reached.

Domestic beef and water buffalo meat output in 1977 is estimated at 255,000 tons, up about 5 percent from the 1976 level.

New cattle feedlots using imported feed have been established in the northern Delta.

Egyptian output of beef and veal rose from an average 87,000 tons in 1961-65 to about 132,000 tons in 1976, while output of buffalo meat increased slowly from 88,000 tons to 111,000 during this period.

Mutton and lamb production also increased slowly—from 28,000 tons in 1974 to about 31,000 tons in 1976. Arrivals of sheep from Ethiopia, Somalia, and Sudan in recent years have been inhibited by adverse weather and political events.

Imports of live camels from Sudan for slaughter also have dwindled over the past decade. Sinai was another source of camel meat. Egypt's total consumption of camel and horse meat ranges from 25,000 to 30,000 tons annually. Pork consumption is less than one fifth of that level.

Egypt imported 2,633 cattle from Sudan and Somalia in 1974, but no arrivals came from these countries in 1975, when 1,889 head were imported from Europe. The recent delivery of more than 15,000 head of Sudanese livestock to Egyptian slaughter facilities was an important part of the recent trade agreement between the two countries.

Imports of mutton were scheduled at 10,000 tons in 1977—double the 1976 level. Larger deliveries by Australia and New Zealand will account for much of the increase.

The People's Republic of China was the major source of mutton imports prior to 1976. Imports of live sheep from Sudan and Somalia have fluctuated widely in recent years, with arrivals usually falling below levels sought by Egypt.

Imports of canned meat totaled 9,000 tons in 1976, up from about 8,000 tons in 1975. Brazil has become the leading supplier of Egypt's imports of canned meat because of larger deliveries of corned beef. Imports of luncheon meat from the Netherlands, West Germany, and France also have been more important in the past 3 years.

The shortage of poultry meat that plagued Egypt for a decade apparently ended for most urban areas during the summer of 1977. Many Egyptians have entered the broiler business as supplies of imported corn and soybean meal became available at attractive prices. Plans to send 20,000 tons of U.S. frozen poultry to Egypt in 1977 were revised to spread deliveries over into 1978.

Commodity loans provided by USAID enabled Egypt to buy U.S. frozen broilers in 1977. The first cargo, consisting of 2,500 tons, was shipped in July and exports through October totaled 5,552 tons. A recent USAID sale was for an additional 5,000 tons.

Argentina sold 3,000 tons of frozen poultry to Egypt in 1976 and private sales by European countries to

By John B. Parker, agricultural economist; Economics, Statistics, and Cooperatives Service.

USDA Team Reports Brazilian Soybean Crop Cut by Drought

A report by a two-man USDA team in early April and data received since then have caused the Foreign Agricultural Service to cut its estimate of Brazil's 1978 soybean production from a range of 10-10.5 million metric tons to 9.7-10.2 million tons. Soybean output in 1977 was 12 million tons.

As a result of the expected reduction in Brazilian soybean output, Brazil's exports of soybeans and products will be reduced by roughly 2 million tons in 1978, much of the export cut being in soybeans.

This reduction is expected to result in a boost in U.S. soybean exports in 1978 and prices above earlier estimates.

The USDA team traveled through Rio Grande do Sul and Paraná, which together produce about 85 percent of Brazil's soybeans. It was apparent to team members that drought had severely restricted output.

The team concentrated on production in Rio Grande do Sul, which accounted for about 48 percent of production in 1977, and where harvesting was about 35-40 percent complete. Harvesting was about 80 percent completed in Paraná, so little information could be gained from field evaluations there. Paraná accounted for some 38 percent of the 1977 Brazilian soybean crop.

Yields in Rio Grande do Sul were estimated at the time of the visit to be about 22 percent lower than indicated 1977 yields, owing not only to the drought but also to higher-than-normal harvesting losses. Because the lack of water retarded plant growth, combines probably missed some of the pods growing near the ground on the many shorter-than-normal bushes.

Furthermore, uneven maturity at the time of harvest also may have caused problems. Some plants were re-

Egypt's restaurant and hotel trade exceeded 2,000 tons in 1976.

Domestic output of poultry meat in 1976 was estimated at 129,000 tons, and production during 1977 probably exceeded 140,000 tons. Poultry meat is available in cooperative shops at the equivalent of 64 U.S. cents per kilogram, but prices in private shops usually exceed $1 per kilogram.

Distribution of frozen chickens to towns and rural areas is not widespread.

New hatcheries provide farmers with young chicks of improved European breeds. A considerable increase has occurred in the numbers of turkeys, geese, and ducks raised by Egyptian farmers. Also, farmers are keeping more chickens for eggs.

The Ministry of Agriculture estimates that production of eggs rose from 68,920 tons in 1975 to about 76,000 tons in 1976. A total of more than 85,000 tons is indicated for 1977.

Per capita meat consumption is still relatively low in Egypt. Consumers can buy red meat at cooperative shops at fixed prices only 3 days each week. However, they can buy meat every day in private shops at prices about double the fixed prices in cooperative shops. □

Spain's Cigarette Consumption Rises Sharply in 1977

Consumption of blended cigarettes in mainland Spain rose almost one-third in calendar 1977, according to preliminary data released by the Spanish (peninsular) Tobacco Monopoly. Total consumption of these cigarettes, both domestic and imported, was estimated at 588.3 million packs (20 cigarettes in each pack), 29 percent greater than the 456 million packs consumed in 1976.

Consumption of imported blended cigarettes jumped 35 percent from the 1976 level to 201 million packs in 1977.

Peninsular Spaniards smoked 2,755,113,198 packs of dark cigarettes last year, a gain of 1.7 percent from the preceding year. Cigar consumption among these smokers fell 2.2 percent from that of 1976 to 996.3 million pieces in 1977. Consumption of pipe tobacco was estimated at 2,116,794 packages, an increase of 1.9 percent from that of 1976. □

portedly ripe with some shattering, while others in the same field were still green. Possible reasons for the uneven development included limited moisture and, in some cases, planting of different varieties in the same field.

About a week prior to the team's arrival the Bank of Brazil had already revised downward its estimated of the Brazilian soybean crop to a range of 9.2-9.8 million tons. The bank's previous estimate had been 9.8-10.2 million tons. Both 1978 estimates were significantly below the estimate of the previous year.

On April 13, the Bank of Brazil's Wheat Marketing Board cut its estimate to 9.06 million tons, compared with the previous estimate of 9.21 million tons.

Based on the Bank's April 13 crop estimate, it appears that Brazil's unsold exportable supplies of soybeans and oil were relatively small, but as much as 2 million tons of meal could still be sold.

According to FAS estimates, Brazil's 1978 exports of soybeans and products are as follows, in 1,000 metric tons: Soybeans, 800; soybean meal, 5,250; and soybean oil, 480.

Using the latest Bank of Brazil estimate of April 13, Brazilian 1978 exports of soybeans and products would likely be in the magnitude of: Soybeans, 800,000 tons; soybean meal, 4.6 million tons; and soybean oil, 390,000 tons. □

Italy Imports Rice To Offset Decline In Domestic Output

Italy's 1977 rice crop of about 770,000 tons (paddy), more than 20 percent below the average of the 3 preceding years, has pushed domestic rice prices to record levels.

Rice imports are expected to increase to 140,000 tons (milled) during 1977/78 (August-July), compared with 38,000 tons in the previous year.

Italy regularly exports more than 250,000 tons of rice (milled), but low production and high domestic prices are reducing these exports sharply. □

Continued from page 4

Philippine Rice Exports

have indicated their desire to participate in the program, of which 254 are actually involved in various phases of cereal production on about 69,000 hectares that previously have been undeveloped.

As of December 31, 1977, harvests from the developed areas had produced about 95,000 tons of cereals (85,000 tons of palay, 8,000 tons of corn, and 2,000 tons of other feedgrains).

Thus far, the GO-47 program has made only a small contribution to rice self-sufficiency because most of the corporations in the program are still in the land development stage. However, corporations have targeted 64,000 hectares for development, which should yield about 640,000 tons of cereals. The program could be a significant factor in the country's long-range food sufficiency program. □

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USDA Food Exhibits Set for May

Frozen foods will be featured in a USDA exhibit in the United Kingdom in early May and a full range of U.S. food products will be displayed in West Germany later in the month.

The U.K. show, in Blackpool, England, is scheduled to run May 3-5, and the German exhibitions in Dortmund, May 23-24, and Mannheim, May 30-31.

Principally intended to give British agents of U.S. firms a chance to show their lines of U.S. frozen foods (although a small number of U.S. firms new to the U.K. market also will display), the USDA exhibit in Britain will be held in conjunction with the British Frozen Food Federation exhibit at Blackpool's Norbreck Castle Hotel.

The German events are solo U.S. exhibits and will be held at Dortmund's Krone am Markt Restaurant and Mannheim's Rosengart Civic Center. About 16 U.S. firms will be represented at the U.K. show and some 25 at the two German shows.

Designed to reach the entire U.K. food industry, including wholesalers, retailers, caterers, and institutional feeders, the U.K. food show .will feature frozen products such as poultry, fish, fruits, vegetables, citrus juices, and entrees.

The German trade-only shows will attempt to recruit more agents to handle U.S. food items already on the German market, and to encourage purchases of these foods by buyers for hotels, restaurants, industrial and institutional kitchens.

The two German shows will feature frozen as well as canned foods. Several U.S. firms will exhibit their products to German buyers for the first time.

Both the United Kingdom and West Germany are important markets for U.S. agricultural exports.

The value of U.S. agricultural exports to the United Kingdom rose from $699 million in 1976 to $880 million in 1977. U.S. sales of consumer-ready food products dropped from $104 million in 1976 to $94 million in 1977.

West Germany imported agricultural products valued at $1.7 billion in 1977 and $1.8 billion in 1976. U.S. exports of consumer-type products to West Germany rose from $123.2 million in 1976 to $129.3 million in 1977. □

Sweden Gets New Food Policy

Faced with mounting budgetary deficits resulting largely from a deteriorating economy, the Swedish Government has modified its subsidization policy and will no longer pay consumer subsidies on some farm items. However, direct subsidies paid to farmers will continue in effect on milk, cheese, beef, pork, bread, and flour, and their retail prices will continue to be frozen.

The retail price of milk in December 1977 was the equivalent of 36 cents per liter, including a 32-cent subsidy. In January 1978, the price went to 40 cents per liter, but still included the 32-cent subsidy. The price of flour went from 54 cents per kilogram to 57 cents, while the subsidy remained at 7 cents. But in the case of other farm products, the entire retail price increase was passed on to the consumer and further price increases can be expected every 6 months.

For many years, Sweden had maintained farm prices of its major crops and livestock products at levels usually much higher than world prices. These prices reflected higher costs and normally were directly passed on to consumers. But because of public unrest resulting from inflationary food prices, the Government began to impose price freezes on many foods in the early 1970's.

However, each price freeze eventually had to be modified or abolished as farm prices continued to climb and costs of subsidization increased. At the present time, retail price freezes still remain on basic foods, including beef, pork, milk, cheese, flour, and bread, but prices of other foods are free to rise.

The practice of raising food prices twice a year to pay escalating production costs and to keep farm incomes in balance with those in other sectors of the economy began with the passing of the basic farm law of 1974, which will remain in effect through July 1, 1978.

To ease the resulting pressures on consumer incomes, in 1974 Sweden's Social Democratic Government began to subsidize up to half of each new price increase directly from the Government budget. □